

COUNTY INDEBTEDNESS

The Board of Supervisors generally follows the guidelines listed below in making financial decisions on debt issuance. Adherence to these guidelines allows the county to plan for the necessary financing of capital projects while maintaining credit-worthiness. In addition, adherence to these policies has enhanced Chesterfield's financial position -- Moody's Investor Service, Standard & Poor's Corporation and Fitch IBCA all rate Chesterfield as a strong credit risk.

The process of issuing general obligation bonded debt in the county begins with the department's presentation of capital expenditure needs to the county administrator, who then presents the requests for funding to the Board of Supervisors. For debt issues to be placed on the ballot, the Board must approve the proposals by a majority vote. County residents must then vote for the projects on a bond referendum so that debt can be issued.

Debt Ratio Policies

As part of its debt policy, Chesterfield has established target and ceiling numbers for certain ratios. These key debt ratios are shown on the chart below. The two most critical ratios for the county are highlighted.

	<u>Actual</u> <u>June 30, 2002</u>	<u>Target</u>	<u>Ceiling</u>
Debt as a Percentage of Assessed Value	1.85%	3.0%	3.5%
Debt Per Capita	\$1,390	\$1,200	\$1,500
Debt Service as a Percentage of General Governmental Expenditures	8.7%	10%	11%
Undesignated General Fund Balance as a Percentage of General Fund Expenditures	8.8%	7.5%	5% (Floor)